

~~TOP SECRET~~

MC 8

103

25X1

5

CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
1 July 1966

State Dept. review completed

ARMY review(s) completed.

PREPARED FOR THE NATIONAL SECURITY COUNCIL
FURTHER DISSEMINATION OF INFORMATION
CONTAINED HEREIN IS **NOT** AUTHORIZED

25X1

~~TOP SECRET~~

25X1

Approved For Release 2007/03/06 : CIA-RDP79T00826A001000010005-9

Approved For Release 2007/03/06 : CIA-RDP79T00826A001000010005-9

1 July 1966

HIGHLIGHTS

Three North Vietnamese naval craft apparently attempted to engage US destroyers operating in the Gulf of Tonkin. US Navy aircraft sunk all three of the craft, which were believed to be motor torpedo boats from the DRV Navy's 12th Division. In South Vietnam, although the government continues to consolidate its position in central Vietnam, there is continuing evidence of struggle activity in the city of Hue. Buddhists were able to organize a partially successful general strike on 1 July, and two dissident radio stations are believed to be back in operation.

I. The Military Situation in South Vietnam:
Operation NATHAN HALE is continuing in coastal Phu Yen Province with only light, sporadic contact with the Communists reported (Para. 1). Three US battalions, reacting to an attack on a South Vietnamese road-clearing operation in Long Khanh Province, killed 26 Viet Cong (Para. 2). A US aircraft inadvertently released six bomb canisters on a South Vietnamese village killing seven civilians and wounded 51 near Bien Hoa (Para. 3). US officials in Saigon have updated North Vietnamese Army infiltration totals for last year to 24,146 (Para. 4). A Viet Cong directive indicates difficulties encountered by the Viet Cong in purchasing, maintaining, and storing rice in the III Corps area (Para. 5).

II. Political Developments in South Vietnam:
The central government continues to consolidate its position in the central Vietnam city of Hue, but signs of struggle activity are still evident (Paras. 1-2). The Thua Thien Unified Buddhist Association, using leaflets, was able to inspire a partially successful general strike in the city of Hue on 1 July (Para. 3).

Security precautions in Da Nang have been relaxed (Paras. 5-6). Cao Dai and VNQDD leaders in I Corps reveal a common concern about Communist inroads during the "struggle" movement (Para. 7). A VNQDD leader in Da Nang reveals plans to cooperate with Catholics and other groups in the September election (Para. 8).

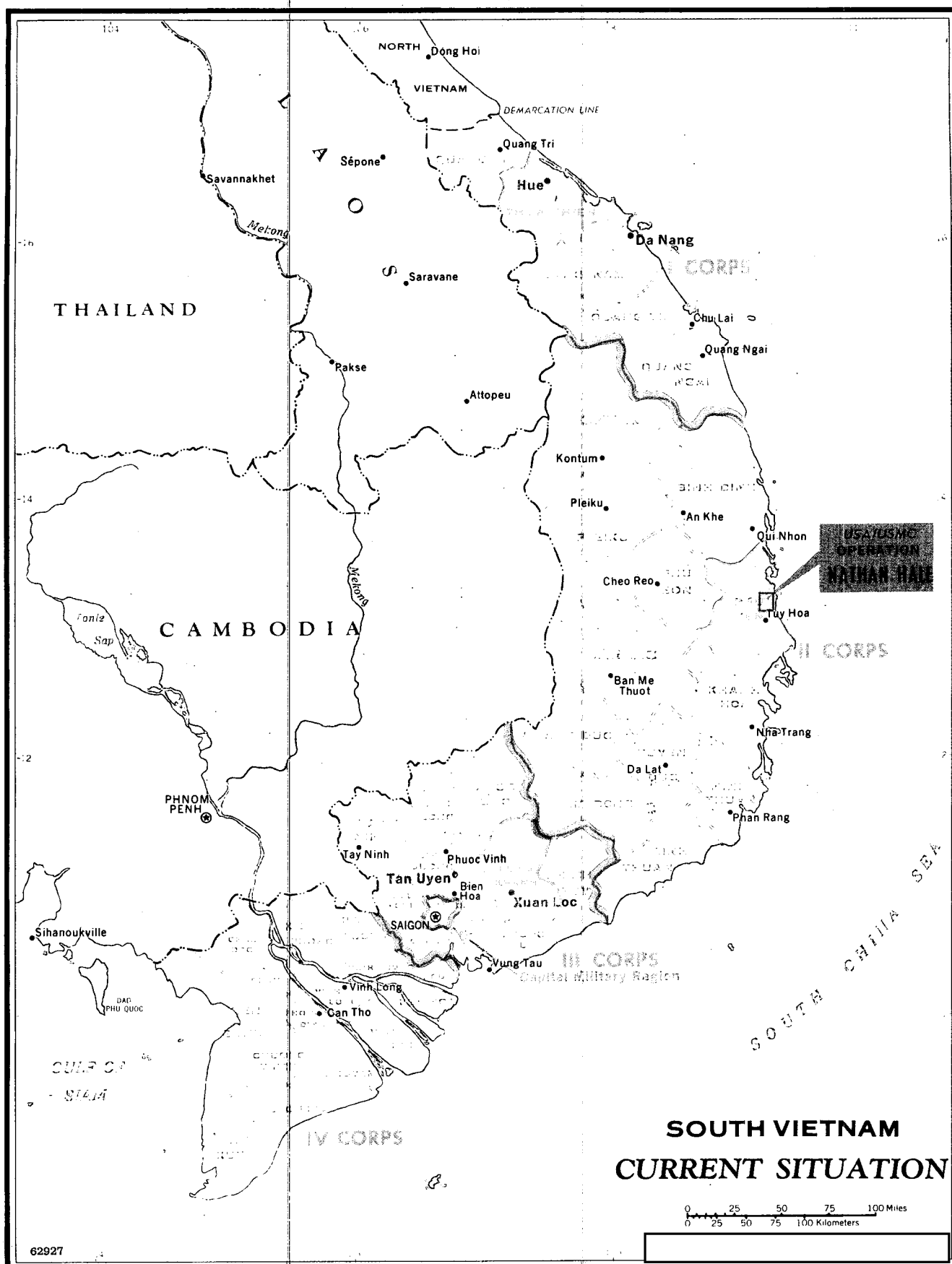
III. Military Developments in North Vietnam: DRV Navy loses three motor torpedo boats in attempted engagement of US destroyers in Tonkin Gulf (Paras. 1-5). Air strike on Duong Nham POL storage facility (Para. 6). Photography of Hanoi POL storage facility shows damage to 23 of 32 storage tanks; damage at Haiphong still not clear (Para. 7). Preliminary assessment indicates heavy damage to Bac Giang and moderate damage to Viet Tri (Para. 8).

25X1

IV. Other Communist Military Developments: Captured North Vietnamese soldier verifies presence of Chinese AAA unit in Yen Bai area (Para. 1).

V. Communist Political Developments: Hanoi continues its barrage of propaganda over continuing air strikes (Para. 1). First authoritative Chinese commentary on the US bombing of DRV petroleum installations does not indicate any change in Chinese policy on Vietnam war (Para. 2). Soviet reaction on POL bombings continues to be restrained (Paras. 3-5).

1 July 1966



25X1

I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Operation NATHAN HALE, the large search-and-destroy operation being conducted in the coastal hills of Phu Yen Province, continued today with only light, sporadic contact reported. Two large abandoned caves used for the storage of ammunition and medical supplies were uncovered and destroyed by US forces. A total of 62 Americans have been killed and 329 wounded in this operation, which began on 18 June. Communist losses stand at 444 killed and 29 captured, with nearly 160 weapons captured.

2. South Vietnamese Army units, conducting a road clearing operation about 11 miles east of Xuan Loc in Long Khanh Province, made contact with an estimated Viet Cong platoon yesterday. The initial contact was of short duration. A reaction force of three US battalions reestablished contact and reported 26 Viet Cong killed before the enemy withdrew. Friendly casualties included 21 South Vietnamese killed and 39 wounded and two Americans wounded. The Communist unit was identified as the 605th Viet Cong Battalion of the 250th PAVN Regiment.

3. Seven civilians were accidentally killed and 51 others wounded when an aircraft canister-release mechanism failed to function properly. The accident occurred when a flight of US F-100 jet aircraft returning from a close support mission attempted to drop empty cluster bomb canisters in a jettison area near their base at Bien Hoa. This is a normal safety procedure prior to landing. Six of the canisters fell outside of the intended area, however, and landed on the town of Tan Uyen, ten miles northwest of Bien Hoa. One canister hit in the market place, three in a residential area, and two outside town. US helicopters evacuated 37 of the seriously wounded.

1 July 1966

I-1

New Infiltration Figures for 1965

4. US military officials in Saigon have updated the infiltration total for 1965. The latest figures show that 24,146 entered South Vietnam during 1965--almost double the 12,424 in 1964 and about equal to the 24,275 which have come in as of 22 June of this year.

Viet Cong Directive Indicates Rice Shortages in III Corps

5. A Viet Cong directive dated 19 May from the current affairs committee of the Saigon/Gia Dinh regional committee reveals current difficulties encountered by the Viet Cong in purchasing, maintaining, and storing rice. The document stated that intensified and sustained Allied operations conducted during the rice harvest disrupted Viet Cong efforts to buy rice and store it properly. This document confirms previous reports that the Viet Cong are having difficulty procuring adequate rice supplies in areas of the III Corps and indicates that spoilage due to improper storage is complicating the problem.

1 July 1966

I-2

II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. The central government continues to consolidate its position in the north central city of Hue, according to a 30 June report from an American observer. Although the "struggle" movement there was overwhelmed by the swift government action in June, there are still undercurrents which indicate the determination by the "struggle" leadership to continue to oppose the government. Efforts of these dissidents apparently include the use of two clandestine radio stations reported to be operating again in the vicinity of Hue. One of these transmitters reportedly goes by the name of "Red Star," suggesting that it may be Viet Cong controlled.

2. Present intentions of the government are to keep the Police Field Force (PFF), which is presently controlling the city, in place until after the September elections. This force, under the command of Major Pham Huy Sanh, will also attempt to build up a regional police strike force to be under the control of the provincial police after the departure of the PFF.

3. Leaflets spread by the Thua Thien Unified Buddhist Association (UBA) on the evening of 30 June called for a general strike on 1 July to demonstrate to the visiting delegation of Ceylonese Buddhists that local Buddhists were being oppressed. Buddhists were also requested to remain off streets and away from pagodas. Radio Hue's efforts to refute rumors of a visit by the Ceylonese Buddhist delegation were either ignored or missed by the people, since shops and main markets were closed during the early morning hours of 1 July. Although police efforts succeeded in getting many small shops to reopen, the main markets were largely closed all day. The main pagodas in the city also were deserted.

4. The success of the Thua Thien UBA in staging an ad hoc general strike points up the continuing influence of a militant Buddhist organization in Hue, and indicates that the "struggle" movement is far from dead.

1 July 1966

II-1

The Situation in Da Nang

5. Reports from Da Nang state that the security situation has cleared up enough to allow removal of street barricades from the area of principal pagodas --probably the Tinh Hoi and Pho Da pagodas which were centers of antigovernment "struggle" activity in the city from March through May. Security guards, however, have not been withdrawn from the area of the pagodas. Tan Ninh pagoda, the only Buddhist religious structure to receive substantial damage during the 15-23 May period when the government reasserted its authority in Da Nang, has been completely refurbished by the GVN. The government very early promised to restore all damage to religious structures in Da Nang and has evidently made good its word.

6. Although no overt Buddhist "struggle" activity is evident at the Da Nang pagodas, there are reports that monks are attempting to dissuade the local people from accepting compensation payments from the government for losses or injuries incurred during the "struggle" period. Nevertheless, all outstanding claims apparently have been settled--the most concrete evidence of the failure of this particular effort of the Buddhist "strugglers." There is reported to be a growing confidence among the more responsible residents of Da Nang in the way in which the new mayor, Lieutenant Colonel Cuong, is handling the Buddhist problem.

7. Conversations by Americans with leaders of the Protestant church in I Corps and with Cao Dai and VNQDD leaders in Da Nang, reveal a common point of view among them concerning the political situation in their area. All are agreed that Communists were heavily involved in the recent dissidence in central Vietnam and were able to dupe many politically unsophisticated, but otherwise loyal, persons into cooperating with the "struggle" movement. They believe that the secret Communist cadres remain in place, are dangerously effective, and will try to play a part in the elections scheduled for September of this year.

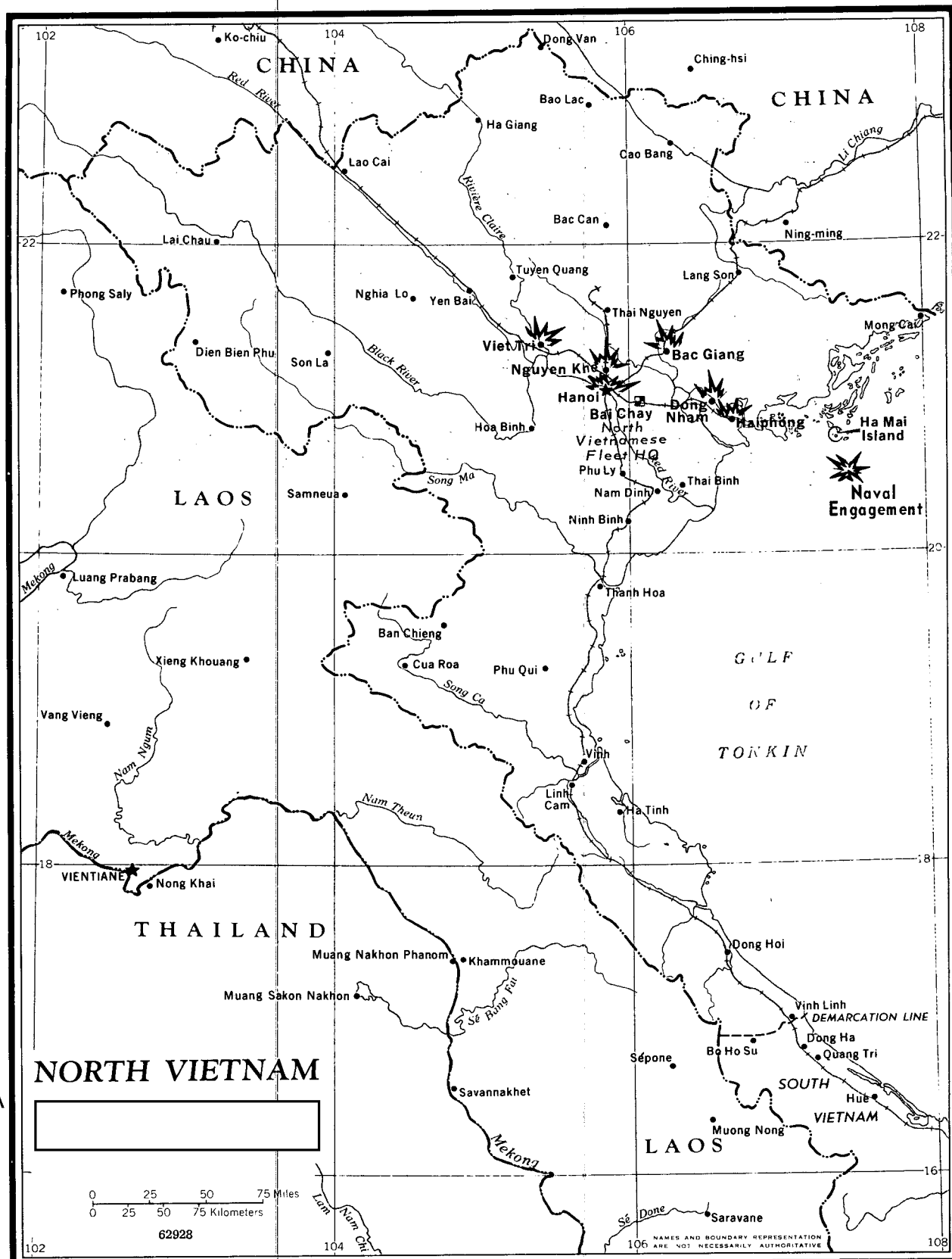
1 July 1966

II-2

8. The VNQDD leader in Da Nang, Nguyen Dinh Luong, indicated that his party would field two candidates in Da Nang even though the party is not particularly strong there. The VNQDD have already received assurances of cooperation from Catholic leaders in the city and are working with the Cao Dai and Protestant leadership. Feeling that "independent" voters will be a major factor in the forthcoming elections, they are going to make a strong bid for this vote. The VNQDD is now attempting to enlarge its political power base in Da Nang, as a city of growing importance in central Vietnam. Outside observers, however, note that the party must overcome its past bad reputation among the people for using strong-arm tactics and for organizing graft and "extra" taxes in areas which it controls.

1 July 1966

II-3



III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. Three North Vietnamese naval craft apparently attempted to engage US destroyers operating some 50 miles southeast of Haiphong and about 17 miles from the nearest offshore island during the late afternoon of 1 July. This is the first attempt by the North Vietnamese Navy to engage US ships in nearly two years. US Navy aircraft from the carriers HANCOCK and CONSTELLATION, however, succeeded in sinking all three of the craft--reported to be motor torpedo boats--before any naval engagement occurred. US ships operating in the area then picked up some 19 Vietnamese survivors from the sunken craft.

2. Four US ships were in the area at the time of the incident--two destroyers and two guided missile frigates. Approximately two hours before the incident, the US ships were engaged in searching for the pilot of a downed Navy A4E Skyhawk who had reportedly parachuted from his aircraft about one mile off the coast. This probably accounts for the close proximity of two of the US ships to the offshore islands.

25X1

1 July 1966

III-1

25X1

5. Prior to today's engagement, the only offensive craft estimated to be in the North Vietnamese Navy were 12 P-4 motor torpedo boats, some 20 SWATOW motor gunboats and four SHANGHAI class fast patrol boats.

Air Strikes on 1 July

6. US Navy aircraft attacked another major bulk petroleum storage facility on 1 July. Pilots returning from the strike at the Duong Nham facility northwest of Haiphong reported the target was saturated by bomb bursts and that there were large amounts of black smoke. One aircraft was lost in the attack--the A4F mentioned above; pilot rescue operations were unsuccessful and have been terminated.

Preliminary Assessment of [] POL Strikes

25X1

25X1

7. A preliminary NPIC assessment of initial photography of the [] strike against the Hanoi POL facility shows that some 23 of the 32 storage tanks and a number of buildings were destroyed or heavily damaged. There is still no definitive assessment of damage inflicted on the Haiphong facility. Photography available in Washington to date shows the target area obscured by intense black smoke. However, it appears that the three piers at the Haiphong POL installation remain intact.

1 July 1966

III-2

25X1

25X1

25X1

8. Initial bomb damage photography of the [] strike against the Bac Giang POL installation shows the entire target engulfed in fire and smoke. However, initial photography of the Nguyen Khe and Viet Tri POL facilities [] indicates only moderate damage inflicted. Restrikes against these latter two targets scheduled for 1 July, were cancelled because of adverse weather.

25X1

25X1

25X1

1 July 1966

III-3

25X1

IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

25X1

1. Recent statements by a captured North Vietnamese soldier [REDACTED]

25X1

[REDACTED] that a Chinese AAA unit moved into northwest North Vietnam in August 1965. According to the prisoner, who was captured in May 1966 while infiltrating into South Vietnam, his parent unit in North Vietnam was ordered to the Yen Bai area for two weeks last August to prepare emplacements for a Chinese AAA unit which occupied the positions as they were being completed. The North Vietnamese reported that the Chinese were responsible for the defense of Yen Bai city. More recent evidence indicates that the actual mission of the Chinese units is to protect a large military complex under construction north of Yen Bai.

1 July 1966

IV-1

25X1

V. COMMUNIST POLITICAL DEVELOPMENTS

1. Hanoi maintained a high level of propaganda over the continuing US air strikes in the Hanoi-Haiphong area. The emphasis was on rebroadcasting statements of backing and sympathy from its supporters around the world. The only intimation of retaliation came in Hanoi's predictions of action by the Liberation Front in South Vietnam against the US forces there. In a radio commentary to South Vietnamese audiences, Hanoi cited Viet Cong attacks in February 1965 as an example of previous Communist retaliation to US air strikes on the North. The broadcast stated that only 24 hours after US bombs were dropped on the southern provinces of the DRV, "the southern armed forces and people, eager to avenge the North and answer the North's call, immediately attacked" American forces in the South. In a broadcast to international audiences on 1 July, Hanoi boasted that the Liberation Front had already dealt the Americans a "stinging counterblow" by wiping out a whole column of US Yankees ("1,715 enemy soldiers including 800 Americans") in an ambush along Route 13 in Binh Long Province. US military sources report that this battle represented a VC regiment-size attack on allied units engaged in Operation EL PASO II in which the VC lost more than 300 men against US losses of ten.

2. The first authoritative Chinese comment on US bombing of petroleum installations near Hanoi and Haiphong, a People's Daily commentator article on 1 July, indicates that Peking does not view the attacks as requiring any change in its present policy toward the Vietnam war. The article implies that the USSR shares responsibility for the attacks, alleging that the US "plot of attempting to gain peace through bombing" was carried out "through the close collaboration of the CPSU leaders." It repeats Peking's standard pledge of "firm support" for the Vietnamese "no matter how far US imperialism may escalate the war." No reference is made to direct Chinese involvement. Rather, the article implies that the Vietnamese will continue to carry the primary responsibility for conducting the war.

V-1

1 July 1966

3. On 30 June the Soviet Union released a very restrained government statement concerning the US air raids on "parts" of Hanoi and Haiphong. Consistent with Premier Kosygin's remarks earlier in the day, the statement was quite bland and essentially a restatement of past Soviet expressions of support for the DRV and criticism of the "shameful crime" committed by the US in bombing the DRV. While characterizing the raids as of a "particularly dangerous nature," the Soviets went no further than in past statements that the USSR "has been and will be rendering the DRV every assistance, economic and political as well as by means of defense, in its struggle against imperialist attack." As had Kosygin, the government statement reiterated the charge that US actions had proven US talk about a peaceful settlement to be empty verbiage.

4. During a 1 July speech before the graduates of Soviet military academies, Soviet party chief Brezhnev said in explicit reference to the bombings, "we are drawing the proper conclusions from the latest crimes of American imperialism. Our assistance to Vietnam will keep growing." Brezhnev could hardly have responded to the US actions with less forcefulness and his comment is in conformity with the restrained and essentially pro forma Soviet response to date.

5. Soviet Deputy Premier Polyansky, presently in Canada, repeated a standard Moscow line when he said in reference to the effect on the DRV of the bombings that "when someone is bombing and attacking you, you don't meet him at the conference table." The Soviets, however, have indicated their intention to continue their own contacts with the West on several other important issues.

1 July 1966

V-2